

General Information Letter: There have been no substantial changes to the withholding requirements in the past year.

September 16, 1999

Dear:

This is in response to your letter dated August 20, 1999. Given the nature of your inquiry and the information you provide, I am responding with a General Information Letter. This is not to be taken as a statement of Department policy or as a binding ruling by the Department. As general information gathered in response to your particular questions, however, I hope that it is helpful to you. See 86 Ill. Adm. Code 1200.120(b) and (c).

In your letter you have stated the following:

As a major vendor of payroll and benefits software in the U.S., it is imperative that our products comply with each state's legislative requirements. To ensure that we are meeting these requirements, we are canvassing each state to obtain current wage and taxation requirements for employee Income Withholding Tax.

xxxxxxx requests that you please send your most current publications regarding your state's Income Withholding Tax to the address hereon.

To be in complete compliance with your requirements, xxxxxxx would appreciate receiving responses to the following questions. If you have any additional important information, please include it. Responses can be faxed or mailed.

Income Tax Reporting, State _____

1. Will your state be releasing new wage tax brackets or any changes in percentages for employee withholding for the 4th Quarter of 1999 or the beginning of 2000?
2. The term "Wages" subject to state withholding includes (check one):
3. Supplemental wages such as commissions, bonuses, etc. that are paid in addition to or separate from a regular paycheck are taxed?
4. Are Pensions, Annuities, and Deferred Compensation exempt from withholdings?
5. Are Pensions, Annuities, and Deferred Compensation taxed differently than Regular Wages?
6. Do you anticipate any changes happening to any of the above items in the near future?

Bulletin Boards

Do you have any state Bulletin Boards available where any information regarding Income Tax updates can be obtained? If so, please provide the

access number and any specific requirements necessary to use your Bulletin Board.

Do you have an Internet web site? If yes, please provide the access address.

Please add xxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxx to you mailing list for all future annual reporting correspondence. Mailings can be forwarded to the attention of our Legislative Department. It is essential that xxxxxxxx receives this information as early as possible so that we can code and test any program changes to meet your state's requirements and send them to our customers in a timely fashion.

Response

Question 1: There are no changes to tax brackets or withholding percentages.

Question 2: Compensation in Illinois is defined by Section 3401 of the Internal Revenue Code (Illinois Income tax Act (IITA) §701(a)(2)).

Question 3: Any payment on which withholding of tax is required under the provisions of the Internal Revenue Code shall be deemed to be compensation paid in this state (IITA §701(b)).

Question 4: Same response as the response to (3), above.

Question 5: Same response as the response to (3), above.

Question 6: No legislative or regulatory changes to those items have been proposed.

The Illinois Department of Revenue web site address is <http://www.revenue.state.il.us>.

The most recent withholding tax table booklet is enclosed. The year 2000 booklet has not yet been published, but information for obtaining one as soon as it is published is contained on the one enclosed.

As stated above, this is a general information letter that does not constitute a statement of policy that applies, interprets or prescribes tax law. It is not binding on the Department. If you are not under audit and you wish to obtain a binding Private Letter Ruling regarding your factual situation, please submit all of the information set out in items 1 through 8 of the enclosed copy of Section 1200.110(b).

Sincerely,

Kent R. Steinkamp
Staff Attorney -- Income Tax